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**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/27/05

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the Town of Simmesport
Simmesport, Louisiana

We have audited the accompanying statement of net assets-enterprise fund of **Housing Authority of the Town of Simmesport (HATS)**, as of and for the year ended December 31, 2004, and the related statements of revenues, expenses and changes in fund net assets and cashflows-enterprise fund for the year then ended. These financial statements are the responsibility of **HATS's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records for capital assets, we were unable to form an opinion regarding the amounts at which capital assets and accumulated depreciation are recorded in the accompanying statement of net assets at December 31, 2004 (stated at \$1,277,950 and \$1,074,026, respectively), the amount of net assets (stated at \$1,386,865) and depreciation expense of \$77,649 for the year then ended December 31, 2004.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of the Town of Simmesport
Simmesport, Louisiana
Page 2

In our opinion, except for the effects of adjustments, if any, as might have been determined necessary had the accounting records concerning capital assets been adequate, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **HATS** as of December 31, 2004, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in NOTE 1, **HATS** has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* as of and for the year ended December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2005, on our consideration of **HATS's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 24, 2005



HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

As management of **Housing Authority of the Town of Simmesport (HATS)**, we offer readers of **HATS's** financial statements this narrative overview and analysis of the financial activities of **HATS** for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with **HATS's** audited financial statements.

The Management's Discussion and Analysis (MD&A) is an element (capital operating) of the new reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34 Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current and prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, **HATS** has elected to exclude the information in this report. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS

The assets of **HATS** exceeded its liabilities at the close of the most recent fiscal year by \$1,386,865 (*net assets*). Of this amount, \$108,915 (*unrestricted net assets*) may be used to meet **HATS's** ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, **HATS's** enterprise fund reported ending net assets of \$1,386,865, a net increase of \$39,519 in comparison to the prior year. This increase is attributable to in large part to \$42,755 capital contribution from the U.S. Department of Housing and Urban Development.

HATS had total revenues of \$285,871, including capital grant revenues of \$42,755 and total expenses of \$246,352.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2004

FINANCIAL HIGHLIGHTS, CONTINUED

At the end of the current fiscal year, unrestricted net assets for **HATS** was \$108,915, or forty-four (44) percent of its total operating expenses for the fiscal year.

HATS continues to operate without the need for debt borrowings during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to **HATS's** basic financial statements. **HATS's** basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. **HATS** is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, **HATS** adopted *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **HATS**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. **HATS** has two federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing - **HATS's** Low Rent Public Housing Program, rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable **HATS** to provide housing at a rent that is based upon 30% of adjusted gross household income.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2004**

FUND FINANCIAL STATEMENTS, CONTINUED

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for HATS's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of HATS's units.

USING THIS ANNUAL REPORT

HATS's annual report consists of financial statements that show information about HATS's enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is qualified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON HATS's MOST SIGNIFICANT FUND

HATS's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, HATS may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. HATS's enterprise fund used the following accounting approach:

Proprietary Funds - All of HATS's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2004

FINANCIAL ANALYSIS

HATS's net assets were \$1,386,865 at December 31, 2004. Of this amount, \$108,915 was unrestricted. The unrestricted net assets of HATS are available for future use to provide program services.

Table 1
Statement of Net Assets

The following table represents a Statement of Net Assets as of December 31, 2004:

Assets	
Current assets	\$ 126,779
Restricted assets	5,649
Capital assets, net	<u>1,277,950</u>
Total assets	<u>1,410,378</u>
Liabilities and Net Assets	
Current liabilities	23,414
Long-term liabilities	<u>99</u>
Total liabilities	<u>23,513</u>
Net assets:	
Invested in capital assets, net	1,277,950
Unrestricted	<u>108,915</u>
Total net assets	<u>\$1,386,865</u>

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2004

FINANCIAL ANALYSIS, CONTINUED

Table 2
Changes in Net Assets

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Fund Assets for the year ended December 31, 2004:

Beginning net assets, as restated	\$1,347,346
Revenues:	
Operating revenues	<u>83,356</u>
Total operating revenues	<u>83,356</u>
Expenses:	
Operating expenses	<u>246,352</u>
Total operating expenses	<u>246,352</u>
Non-operating revenues	<u>202,515</u>
Total non-operating revenues	<u>202,515</u>
Increase in net assets	<u>39,519</u>
Ending net assets	<u><u>\$1,386,865</u></u>

Total revenues increased by \$62,296 due mainly to:

- increase in capital grant of \$37,264 resulting in an increased spending in the capital fund program.
- increase in rental income of \$24,970 due primarily to increased occupancy and rental charges.
- increase in other revenue of \$15,449 due primarily to collecting an insurance claim.
- decrease in HUD PHA operating subsidy of \$21,166 due primarily to a decrease in operating subsidy.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2004

FINANCIAL ANALYSIS, CONTINUED

Total expenses increased by \$34,381 due mainly to:

- increase in administrative expenses due primarily to increased salaries, auditing and sundry expenses.
- decrease in ordinary maintenance materials and benefit costs due primarily to decreased materials used and employee benefits cost.
- increase in general expenses due to an increase in payments in lieu of taxes.
- increase in depreciation expense due to completed capital fund construction being placed in service.
- increase in non-capitalized casualty losses due to storm damage incurred in fiscal year ended December 31, 2004.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2004 HATS had \$1,277,950 invested in a broad range of capital assets, including land , buildings and building improvements, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$28,385, or 2% from last year.

Capital Assets at Year-end

Land	\$ 62,612
Buildings and buildings improvements	1,831,529
Furniture and equipment	30,340
Construction in Progress	<u>427,495</u>
Less accumulated depreciation expense	<u>(1,074,026)</u>
Totals	<u><u>\$1,277,950</u></u>

No debt was issued for these additions.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2004**

CAPITAL ASSET AND DEBT ADMINISTRATION, CONTINUED

Capital Assets, Continued

This year's additions of \$49,264 are mainly dwelling improvements and equipment purchases. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

Our long-term debt consists of accrued annual leave of \$99. We present more detail about our long-term liabilities in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HATS is primarily dependent upon HUD for the funding of its operations; therefore **HATS** is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending December 31, 2005 is pending approval by HUD. HUD has approved the 2004 Capital Fund program budget in the amount of \$103,620. The 2003 Capital Fund Program had \$34,119 of remaining funds available at December 31, 2004.

CONTACTING HATS's FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **HATS's** finances and to show **HATS's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Pamela Adams, Executive Director, at the Housing Authority of the Town of Simmesport, PO Box 131, Simmesport, Louisiana 71369, telephone number (318) 941-2806.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
STATEMENT OF NET ASSETS--ENTERPRISE FUND
DECEMBER 31, 2004

ASSETS

Current Assets:

Unrestricted:

Cash (NOTE 2)	\$ 62,421
Amounts receivable, net (NOTE 9)	25,018
Prepaid items (NOTE 10)	<u>39,340</u>

Total unrestricted current assets 126,779

Restricted:

Cash (NOTES 2 AND 3)	<u>5,649</u>
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Total restricted current assets 5,649

Total current assets 132,428

Non-Current Assets:

Capital assets, net (NOTES 4 and 11)	<u>1,277,950</u>
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Total non current assets 1,277,950

Total assets 1,410,378

LIABILITIES AND NET ASSETS

Current Liabilities:

Amounts and other payables (NOTE 5)	15,873
Compensated absences payable	1,892
Security deposits held for tenants (NOTE 3)	<u>5,649</u>

Total current liabilities 23,414

Non-Current Liabilities:

Compensated absences payable (NOTE 13)	<u>99</u>
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Total non-current liabilities 99

Total liabilities 23,513

Net Assets:

Invested in capital assets, net	1,277,950
Unrestricted	<u>108,915</u>

Total net assets \$1,386,865

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

Operating Revenues:	
Dwelling rental	\$ 82,379
Fees and charges	<u>977</u>
Total operating revenues	<u>83,356</u>
Operating Expenses:	
Salaries and employee benefits	53,005
Materials and supplies	8,555
Audit	17,771
Legal expense	500
Contractual services	16,623
Utilities	17,801
Garbage and trash removal	3,546
Depreciation	77,649
Insurance	16,838
Telephone	3,654
Convention and travel	7,504
Payments in lieu of taxes	6,458
Tenant services	81
Postage and printing	959
Advertising	70
Penalties and interest	5,852
Computer expense	1,346
Casualty losses	2,644
Other	<u>5,496</u>
Total operating expenses	<u>246,352</u>
Operating loss	<u>(162,996)</u>
Non-operating Revenues:	
Grants and subsidies	178,889
Interest income	509
Other	<u>23,117</u>
Total non-operating revenues	<u>202,515</u>
Net income	39,519
Net assets, beginning of year	<u>1,332,871</u>
Adjustment to beginning net assets (NOTE 14)	<u>14,475</u>
Net assets, beginning of year, as restated	<u>1,347,346</u>
Net assets, end of year	<u>\$1,386,865</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

Cash Flows from Operating Activities:	
Receipts from tenants	\$ 83,140
Payments to others	(14,233)
Payments to suppliers	(168,199)
Payment to employees	(54,024)
Adjustment to beginning net assets	14,475
Other	<u>664</u>
Net cash used in operating activities	<u>(138,177)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	<u>(49,264)</u>
Cash used in capital and related financing activities	<u>(49,264)</u>
Cash Flows from Noncapital Financing Activities:	
Subsidy from federal grants	178,889
Other	<u>23,117</u>
Cash provided by noncapital financing activities	<u>202,006</u>
Cash Flows from Investing Activities:	
Interest income received	<u>509</u>
Cash provided by investing activities	<u>509</u>
Net increase in cash	15,074
Cash, beginning of year	<u>52,996</u>
Cash, end of year	<u>\$ 68,070</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$(162,996)
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Adjustment to beginning net assets	14,475
Depreciation	77,649
Changes in assets and liabilities:	
Increase in amounts receivable, net	(21,410)
Increase in prepaid items	(13,701)
Decrease in amount and other payables	(4,807)
Increase in security deposits held for tenants	332
Decrease in deferred revenue	(1,509)
Decrease in notes payable	(21,089)
Decrease in payment in lieu of taxes payable	(4,102)
Decrease in payroll taxes payable	(1,987)
Increase in compensated absences payable	<u>968</u>
Net cash used in operating activities	<u>\$(138,177)</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

Background

The **Housing Authority of the Town of Simmesport (HATS)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HATS** has been contracted by HUD to administer the Low-Income Housing Program under an Annual Contributions Contract.

As of December 31, 2004, **HATS** was primarily engaged in the administration of a Low-Income Housing Program to low-income residents in the town of Simmesport, Louisiana. Under the above program, **HATS** provides eligible families housing under leasing arrangements.

Financial Reporting Entity

HATS has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the Town of Simmesport.

Government Accounting Standards Board (GASB), Statement No. 14 "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Financial Reporting Entity, Continued

HATS was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HATS** is a financial reporting entity within the meaning of the provisions of GASB 14. Accordingly, **HATS** is not a component unit of the financial reporting entity of the Town of Simmesport.

Basis of Presentation

As required by LSA-R.S. 24:514 and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HATS** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HATS** applies all applicable Financial Accounting Standards Board (FASB) pronouncements in accounting and reporting for its proprietary operations. **HATS's** fund includes the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial
Statement Presentation

HATS has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*". Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial
Statement Presentation, Continued

- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

The term measurement focus is used to denote what is being measured and reported in **HATS's** operating statement. **HATS's** financial statements are reported on using the flow of economic resources measurement focus and accrual basis of accounting. The fundamental objective of this focus is to measure whether **HATS** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HATS's** operating statement. **HATS** uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

HATS adopted the provisions of GASB 33 (*Accounting and Financial Reporting for Non-Exchange Transactions*) effective for fiscal years that began after June 15, 2000.

Under GASB 33 Standards, HATS recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- HATS recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by HATS as deferred revenue upon award.

Budgets

HATS prepares an annual budget for its proprietary fund. Prior to the beginning of the calendar year on January 1, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HATS does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America does not require such, despite adoption of an annual budget by the Board.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, HATS considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments. At December 31, 2004, HATS had no temporary cash investments.

Capital Assets

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When no historical records are available, capital assets are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Capital Assets, Continued

Structures and equipment with cost of \$1,000 or more are capitalized and depreciated in the enterprise fund of HATS using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	15
Equipment	3-7

Depreciation is computed using the straight-line method. Under accounting principles generally accepted in the United States of America, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized. At December 31, 2004, management has not estimated the effect of adoption of Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

Compensated Absences

HATS follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs.

Interprogram activities have been eliminated at the combined financial statements level.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of **HATS** to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Total Memorandum Only

The total column on the combining financial statements in the supplementary information section of this report are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is *not comparable to a consolidation. Interfund eliminations have not been* made in the aggregation of this data.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash:

At December 31, 2004, the carrying amount of **HATS's** cash deposits was \$68,070 and the bank balance was \$68,250. The bank balance is covered by federal depository insurance and collateral held by the pledging institutions' agent in **HATS's** name.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HATS**.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, **HATS's** deposit may not be returned to it. **HATS** has no deposit policy for custodial credit risk; however, none of **HATS's** bank balances were exposed to custodial credit risk, since the pledge securities were in the joint name of **HATS** and the financial institution.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the entity or with an unaffiliated bank or trust company for the account of the entity.

NOTE 3 - Restricted Cash:

At December 31, 2004, restricted cash consisted of \$5,649 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Capital Assets:

At December 31, 2004, capital assets consisted of the following:

	<u>January 1, 2004</u>	<u>Additions</u>	<u>Balance December 31, 2004</u>
Land	\$ 62,612	\$ -0-	\$ 62,612
Buildings and building improvements	1,831,529	-0-	1,831,529
Equipment	16,735	13,605	30,340
Construction-in-progress	<u>391,836</u>	<u>35,659</u>	<u>427,495</u>
Sub-total	2,302,712	49,264	2,351,976
Less accumulated depreciation	<u>(996,377)</u>	<u>(77,649)</u>	<u>(1,074,026)</u>
Total	<u>\$1,306,335</u>	<u>\$(28,385)</u>	<u>\$ 1,277,950</u>

NOTE 5 - Amounts and Other Payables:

At December 31, 2004, amounts and other payables consisted of the following:

Accounts payable-vendors	\$ 5,575
Payments in lieu of taxes	6,458
Other	<u>3,840</u>
Total	<u>\$15,873</u>

NOTE 6 - Risk Management:

HATS is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HATS** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Concentration of Credit Risk:

HATS receives primarily all of its revenues from dwelling rentals and grants from the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rentals and HUD falls below contract or budgeted levels, **HATS's** operating results could be adversely affected.

NOTE 8 - Contingencies:

HATS is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HATS**. These examinations may result in required refunds by **HATS** to the agencies and/or program beneficiaries.

NOTE 9 - Amounts Receivable, net:

At December 31, 2004, amounts receivable, net consisted of the following:

Amounts receivable - HUD	\$22,171
Amounts receivable - tenants	3,882
Amounts receivable - miscellaneous	<u>50</u>
	26,103
Less allowance for doubtful accounts	<u>(1,085)</u>
Amounts receivable, net	<u>\$25,018</u>

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Prepaid items:

At December 31, 2004, prepaid items consisted of \$9,888 in the Low Rent Program and \$11,770 in the Capital Fund Program. HATS is unable to substantiate the validity of the balance. Also, included in prepaid items are \$12,966 of materials inventory and prepaid insurance of \$4,716.

NOTE 11 - Commitments:

HATS on February 13, 2004 executed a capital fund program award (LA 48PO7250203) with HUD totaling \$18,703 for the improvement of its buildings and to fund its operations and management improvement activities.

NOTE 12 - Per Diem Paid to Board of Commissioners:

The Board of Commissioners of HATS in their capacity as board members received no per diem for the year ended December 31, 2004.

NOTE 13 - Changes in Compensated Absences Payable:

At December 31, 2004 analysis of changes in HATS's noncurrent liabilities consisting of compensated absences follows:

Beginning of year	\$-0-
Addition	99
Retirement	<u>-0-</u>
End of year	<u>\$ 99</u>

NOTE 14 - Adjustments to Beginning Net Assets:

The adjustment for \$14,475 results from the conversion to the requirements of GASB No. 34 during 2004.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of the Town of Simmesport
Simmesport, Louisiana

Our report on our audit of the financial statements of the **Housing Authority of the Town of Simmesport (HATS)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of adjustments, if any, had we been able to adequately resolve the issues regarding the inadequacy of accounting records resulting in our inability to opine on capital assets and related accumulated depreciation of \$1,277,950 and \$1,074,026, respectively, net assets of \$1,386,865 and depreciation expense of \$77,649 for the year ended December 31, 2004, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

The supplementary information (Schedules II through V), which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of adjustments, if any, had we been able to adequately resolve the issues regarding the inadequacy of accounting records resulting in our inability to opine on capital assets and related accumulated depreciation of \$1,277,950 and \$1,074,026, respectively, net assets of \$1,386,865, and depreciation expense of \$77,649 for the year ended December 31, 2004, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Also, the supplementary information (Exhibits I and II), which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, except for the effects of adjustments, if any, had we been able to adequately resolve the issues regarding the inadequacy of accounting records resulting in our inability to opine on capital assets and related accumulated depreciation of \$1,277,950 and \$1,074,026, respectively net assets of \$1,386,865 and depreciation expense of \$77,649 for the year ended December 31, 2004, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 24, 2005

EXHIBIT I

Page 1 of 2

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND
DECEMBER 31, 2004**

	PHA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
<u>ASSETS</u>			
Cash	\$ 62,421	\$ -0-	\$ 62,421
Restricted cash	5,649	-0-	5,649
Amounts receivable, net	2,847	-0-	2,847
Amounts receivable - HUD	-0-	22,171	22,171
Prepaid items	4,716	-0-	4,716
Other assets	9,888	11,770	21,658
Inventories, net	12,966	-0-	12,966
Due from other funds	24,124	-0-	24,124
Capital assets, net	<u>906,782</u>	<u>371,168</u>	<u>1,277,950</u>
Total assets	<u>\$1,029,393</u>	<u>\$405,109</u>	<u>\$1,434,502</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND, CONTINUED
DECEMBER 31, 2004

	PHA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Amounts and other payables	\$ 15,873	\$ -0-	\$ 15,873
Compensated absences payable	1,991	-0-	1,991
Security deposits held for tenants	5,649	-0-	5,649
Due to other funds	<u>-0-</u>	<u>24,124</u>	<u>24,124</u>
Total liabilities	<u>23,513</u>	<u>24,124</u>	<u>47,637</u>
<u>NET ASSETS</u>			
Invested in capital assets, net	906,782	371,168	1,277,950
Unrestricted	<u>99,098</u>	<u>9,817</u>	<u>108,915</u>
Total net assets	<u>\$1,005,880</u>	<u>\$380,985</u>	<u>\$1,386,865</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	PHA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
Operating Revenues:			
Dwelling rental	\$ 82,379	\$ -0-	\$ 82,379
Fees and charges	<u>977</u>	<u>-0-</u>	<u>977</u>
Total operating revenues	<u>83,356</u>	<u>-0-</u>	<u>83,356</u>
Operating Expenses:			
Salaries and employee benefits	53,005	-0-	53,005
Materials and supplies	8,555	-0-	8,555
Audit	17,771	-0-	17,771
Legal expense	500	-0-	500
Contractual services	16,623	-0-	16,623
Utilities	17,801	-0-	17,801
Garbage and trash removal	3,546	-0-	3,546
Depreciation	75,693	1,956	77,649
Insurance	16,838	-0-	16,838
Telephone	3,654	-0-	3,654
Convention and travel	7,504	-0-	7,504
Payments in lieu of taxes	6,458	-0-	6,458
Tenant services	81	-0-	81
Postage and printing	959	-0-	959
Advertising	70	-0-	70
Penalties and interest	5,852	-0-	5,852
Other	5,496	-0-	5,496
Computer expense	1,346	-0-	1,346
Casualty losses	<u>2,644</u>	<u>-0-</u>	<u>2,644</u>
Total operating expenses	<u>244,396</u>	<u>1,956</u>	<u>246,352</u>
Operating loss	<u>(161,040)</u>	<u>(1,956)</u>	<u>(162,996)</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

	PHA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
Non-operating revenues:			
Grants and subsidies	\$ 121,555	\$ 57,334	\$ 178,889
Interest income	509	-0-	509
Other	<u>23,117</u>	<u>-0-</u>	<u>23,117</u>
Total non-operating revenues	<u>145,181</u>	<u>57,334</u>	<u>202,515</u>
Net income (loss) before other financing sources (uses)	(15,859)	55,378	39,519
Other financing sources(uses):			
Operating transfer in	14,579	-0-	14,579
Operating transfer out	<u>-0-</u>	<u>(14,579)</u>	<u>(14,579)</u>
Net income (loss)	<u>(1,280)</u>	<u>40,799</u>	<u>39,519</u>
Net assets, beginning of year	994,194	338,677	1,332,871
Adjustment to beginning net assets	<u>12,966</u>	<u>1,509</u>	<u>14,475</u>
Net assets, beginning of year, as restated	<u>1,007,160</u>	<u>340,186</u>	<u>1,347,346</u>
Net assets, end of year	<u>\$1,005,880</u>	<u>\$380,985</u>	<u>\$1,386,865</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:		
<u>Subject to Annual Contributions Contracts</u>		
PHA Owned Housing Program	14.850a	\$121,555
Capital Fund Program	14.872	<u>57,334</u>
Total		<u>\$178,889</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HATS and is presented on an accrual basis of accounting.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II
Page 1 of 4

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
111	Cash - unrestricted	\$ 62,421	\$ -0-	\$ 62,421
114	Cash - tenant security deposits	<u>5,649</u>	<u>-0-</u>	<u>5,649</u>
100	Total cash	<u>68,070</u>	<u>-0-</u>	<u>68,070</u>
122	Accounts receivable - HUD other projects	-0-	22,171	22,171
125	Accounts receivable - miscellaneous	50	-0-	50
126	Accounts receivable - tenant dwelling rents	3,882	-0-	3,882
126.1	Allowance for doubtful accounts - dwelling rents	<u>(1,085)</u>	<u>-0-</u>	<u>(1,085)</u>
120	Total receivables, net of allowance for doubtful accounts	<u>2,847</u>	<u>22,171</u>	<u>25,018</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
142	Prepaid expenses and other assets	\$ 14,604	\$ 11,770	\$ 26,374
143	Inventories	12,966	-0-	12,966
144	Interprogram due from	<u>24,124</u>	<u>-0-</u>	<u>24,124</u>
150	Total current assets	<u>122,611</u>	<u>33,941</u>	<u>156,552</u>
161	Land	62,612	-0-	62,612
162	Buildings	1,831,529	-0-	1,831,529
163	Furniture, equipment & machinery - administration	-0-	9,971	9,971
164	Furniture, equipment & machinery - dwelling	16,244	4,125	20,369
166	Accumulated depreciation	(1,071,515)	(2,511)	(1,074,026)
167	Construction in progress	<u>67,912</u>	<u>359,583</u>	<u>427,495</u>
160	Total fixed assets, net of accumulated depreciation	<u>906,782</u>	<u>371,168</u>	<u>1,277,950</u>
180	Total non-current assets	<u>906,782</u>	<u>371,168</u>	<u>1,277,950</u>
190	Total assets	<u>\$ 1,029,393</u>	<u>\$405,109</u>	<u>\$ 1,434,502</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
312	Accounts payable ≤ 90 days	\$ 12,033	\$ -0-	\$ 12,033
321	Accrued wage/payroll taxes payable	581	-0-	581
322	Accrued compensated absences - current portion	1,892	-0-	1,892
333	Accounts payable - other government	3,259	-0-	3,259
341	Tenant security deposits	5,649	-0-	5,649
347	Interprogram due to	-0-	24,124	24,124
310	Total current liabilities	23,414	24,124	47,538
353	Noncurrent liabilities - other	99	-0-	99
350	Total noncurrent liabilities	99	-0-	99
300	Total liabilities	23,513	24,124	47,637

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
508	Invested in Capital Assets, net of related debt	\$ 906,782	\$371,168	\$1,277,950
512.1	Unrestricted net assets	<u>99,098</u>	<u>9,817</u>	<u>108,915</u>
513	Total equity	<u>1,005,880</u>	<u>380,985</u>	<u>1,386,865</u>
600	Total liabilities and equity	<u>\$1,029,393</u>	<u>\$405,109</u>	<u>\$1,434,502</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
703	Net tenant rental revenues	\$ 82,379	\$ -0-	\$ 82,379
704	Tenant revenue - other	<u>977</u>	<u>-0-</u>	<u>977</u>
705	Total tenant revenues	83,356	-0-	83,356
706	HUD PHA operating grants	121,555	14,579	136,134
706.1	Capital grants	-0-	42,755	42,755
711	Investment income - unrestricted	509	-0-	509
715	Other revenue	<u>23,117</u>	<u>-0-</u>	<u>23,117</u>
700	Total revenues	<u>228,537</u>	<u>57,334</u>	<u>285,871</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
911	Administrative salaries	\$ 22,254	\$ -0-	\$ 22,254
912	Auditing fees	17,771	-0-	17,771
914	Compensated absences	1,067	-0-	1,067
915	Employee benefit contributions-administrative	1,702	-0-	1,702
916	Other operating-administrative	24,806	-0-	24,806
914	Tenant services - other	81	-0-	81
931	Water	3,109	-0-	3,109
932	Electricity	9,565	-0-	9,565
933	Gas	109	-0-	109
938	Other utilities expense	5,019	-0-	5,019
941	Ordinary maintenance and operating-labor	25,828	-0-	25,828
	Page total	111,311	-0-	111,311

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
942	Ordinary maintenance and operations- materials and other	\$ 16,553	\$ -0-	\$ 16,553
943	Ordinary maintenance and operations- contracts costs	11,746	-0-	11,746
945	Employee benefit contributions- ordinary maintenance	2,153	-0-	2,153
961	Insurance premiums	16,838	-0-	16,838
962	Other general expenses	1,000	-0-	1,000
967	Payments in lieu of taxes	<u>6,458</u>	<u>-0-</u>	<u>6,458</u>
969	Total operating expenses	<u>166,059</u>	<u>-0-</u>	<u>166,059</u>
970	Excess of operating revenues over operating expenses	<u>62,478</u>	<u>57,334</u>	<u>119,812</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III
Page 4 of 4

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
	Other Expenses:			
972	Casualty losses - not capitalized	\$ 2,644	\$ -0-	\$ 2,644
972	Depreciation expense	<u>75,693</u>	<u>1,956</u>	<u>77,649</u>
900	Total expenses	<u>244,396</u>	<u>1,956</u>	<u>246,352</u>
	Other financing sources (uses):			
1001	Operating transfers in	14,579	-0-	14,579
1002	Operating transfers out	<u>-0-</u>	<u>(14,579)</u>	<u>(14,579)</u>
1000	Excess (deficiency) of revenues over expenses	<u>(1,280)</u>	<u>40,799</u>	<u>39,519</u>
1103	Beginning equity/net assets	(136,459)	338,677	202,218
1104	Prior period adjustments, equity transfers and correction of errors	<u>1,143,619</u>	<u>1,509</u>	<u>1,145,128</u>
	Beginning equity/net assets, as adjusted	<u>\$1,007,160</u>	<u>\$340,186</u>	<u>\$1,347,346</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM (INCOMPLETE)
FROM INCEPTION THROUGH DECEMBER 31, 2004**

	<u>LA48PO72501-00</u>	<u>LA48PO72501-01</u>	<u>LA48PO72501-02</u>	<u>LA48PO72501-03</u>	<u>TOTAL</u>
Funds approved	\$ 117,704	\$ 120,073	\$ 114,056	\$ 88,550	\$ 440,383
Funds expended	(117,704)	(120,073)	(114,056)	(54,431)	(406,264)
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>34,119</u>	\$ <u>34,119</u>
Funds Advanced: Grant funding	\$ 117,704	\$ 120,073	\$ 114,056	\$ 32,260	\$ 384,093
Total funds advanced	117,704	120,073	114,056	32,260	384,093
Funds expended	(117,704)	(120,073)	(114,056)	(54,431)	(406,264)
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(22,171)</u>	\$ <u>(22,171)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE V

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COST (COMPLETE)
FROM INCEPTION THROUGH DECEMBER 31, 2004**

LA48P072-502-03

Funds approved	\$ 18,703
Funds expended	<u>(18,703)</u>
Excess (deficiency) of funds approved	\$ <u>-0-</u>
Funds Advanced:	
Grant funding	\$ <u>18,703</u>
Total funds advanced	18,703
Funds expended	<u>(18,703)</u>
Excess (deficiency) of funds advances	\$ <u>-0-</u>

NOTE: The distribution of costs as shown on the line of credit control system and the total award per the approved Form HUD 53012 (Capital Fund Program (CFP)) Amendment to the Consolidated Annual Contributions Contract is in agreement with HATS's records, and all costs and liabilities associated with the project have been paid.

See Independent Auditors' Report on Supplementary Information.



Member

American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the Town of Simmesport
Simmesport, Louisiana

We have audited the financial statements of **Housing Authority of the Town of Simmesport (HATS)** as of and for the year ended December 31, 2004, and have issued our report thereon dated May 24, 2005 which was qualified because we were unable to form an opinion regarding the amount at which capital assets and related accumulated depreciation, net assets and depreciation expense are recorded at and for the year ended December 31, 2004. Except as previously discussed, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether **HATS's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HATS's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of HATS in a separate letter dated May 24, 2005.

This report is intended solely for the information and use of Board of Commissioners, HATS's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

May 24, 2005

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
o Material weakness(es) identified?	No
o Reportable condition(s) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
o Material weakness(es) identified?	N/A
o Reportable condition(s) identified that are not considered to be material weakness(es)?	N/A
Type of auditor's report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	N/A

N/A - Not applicable

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs: N/A

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section II - Financial Statement Findings

No financial statement findings were reported for the year ended December 31, 2004.

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended December 31, 2004.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs

Reference Numbers

2002-04 and 2002-11

Condition

Subsidiary ledgers provided for accounts payables, fixed assets, tenant security deposits, and tenant dwelling rental income did not agree to the applicable general ledger control accounts prior to the effect of audit adjustments. In addition, we noted unidentified amounts of \$67,912 classified as construction in progress in the Low Rent Housing Program and \$21,658 in other assets (\$9,888 in the Low Rent Program and \$11,770 in the Capital Fund Program). Management is unable to determine the composition of the account balances as well as the basis for recordation of the amounts.

Current Status

Partially resolved. Management has resolved the reconciliation of its capital assets, accounts payable, tenant dwelling and tenant security deposits.

Management of HATS continues to dialogue with HUD to facilitate a decision to resolve the issue regarding the unidentified amounts. Anticipated completion date is December 31, 2005.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

2002-06 and 2002-13

Condition

- o We were unable to apply audit procedures to substantiate management's assertions relative to current year's disbursements totaling \$84,944 to include additions to capital assets totaling \$332,000. According to the current executive director, the records were unavailable because they were either misfiled, not maintained, or included in an investigation of alleged fraud of the previous executive director;
- o We were unable to substantiate the completeness and validity of tenant dwelling rental income of \$39,822 because of the incompleteness or inadequacy of tenant rental registers; and
- o Noted no physical inventory of equipment and materials acquired under Federal awards over the last two (2) years, to include a reconciliation between the physical inventory, equipment and materials records.

Current Status

Partially resolved. At December 31, 2004, HATS undertook a physical inventory of its equipment and materials. Management of HATS continues in its dialogue with HUD, as ultimate resolution of the validity of the amounts recorded in capital assets will depend on HUD's approval to HATS's request for resolution. Anticipated completion date is December 31, 2005.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

2002-07 and 2002-14

Condition

Our review of the operations of HATS's internal control over cash disbursements exhibited the following deficiencies:

- o No formal written accounting policies and procedures manual, personnel handbook, etc.;
- o No personnel files were maintained containing necessary documents such as employee application, authorization for pay increases, and other documents (such as I-9, W-4, L-4, etc.), and Civil Service forms;
- o Noted no time tracking mechanism in place to ensure that employees were paid for actual time worked and in accordance with authorized pay rates;
- o Noted no time tracking mechanism for annual and sick leave;
- o Noted no evidence of approval of pay increases by Board or designee prior to effective date of increases; and

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers, Continued

2002-07 and 2002-14

Condition, Continued

- o Our review of twenty-five (25) cash disbursements revealed the following:
 - Four (4) instances where the documentation to support the disbursement was unavailable;
 - Twenty-one (21) instances where no indication of the mathematical verification of invoices prior to disbursement was noted;
 - Twenty-one (21) instances of no approval of payment by an authorized official or designee prior to disbursement;
 - Four (4) instances, where we were unable to verify the proper endorsement by an authorized signator or whether the check cleared in a timely manner because the documents were unavailable;
 - Four (4) instances where disbursements were made using a past due notice which did not provide details as to the specific goods and/or services received;
 - One (1) instance where check amount was less than the cumulative total of attached invoices; and
 - Four (4) instances where the allocability of the disbursement to a particular cost objective or program was not in accordance with established guidelines.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers, Continued

2002-07 and 2002-14

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2002-08

Condition

We reviewed the internal control procedures relative to the disposition of property, equipment and inventory noting the following:

- o Noted no physical inventory listing of property, equipment and inventory taken prior to or subsequent to an auction dated December 9, 2002;
- o Management was unable to provide us with a listing of items sold at the auction to include the original cost, acquisition date, fair values of assets prior to the auction, and the resulting gain or loss associated with each item sold;
- o Unable to vouch proceeds from the sales of property to receipts, deposit slips, etc. due to the unavailability of documents;
- o Management was unable to provide documentation to support the Board's approval of all sale prices prior to the auction;
- o Unable to recompute gain or loss on each item sold; and
- o Unable to test HATS's compliance with the nepotism requirement of the Board's approved Asset Disposition policy. In addition, we noted on the auction sign-in sheet, the name of the previous executive director who was in charge of the auction.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers, Continued

2002-08

Current Status

Resolved. Inventory is now on file for year ended December 31, 2004. We are still working with HUD Field Office regarding previously described inventory losses (see Finding Numbers 2002-06 and 2002-13). A disposition policy is in place requiring board approval before disposition of assets.

Reference Number

2002-09

Condition

The Public and Indian Low-Income Housing Program's actual expenses for the year ended December 31, 2002, reflected overruns over the approved budget in four (4) categories (Administration, Tenant Services Utilities, and Ordinary Maintenance and Operations) by approximately \$86,969 before the effects of audit adjustments. We did note that the cumulative budget overrun in total operating expenditures netted to \$50,015.

Current Status

Resolved. Budget versus actual variances are reviewed each month to keep from overspending. If necessary, revisions are approved by the Board prior to the incurrence of cost.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

2001-01 and 2001-01a

Condition

HATS overspent in the Low Rent Program budget in six categories by greater than 5%.

Current Status

Currently budgeted and actual costs are reviewed and discussed by the executive director with the board at their monthly meetings.

Reference Numbers

2002-05 and 2002-12

Condition

We noted that HATS reported \$4,322 in excess of the combined budgeted amounts for Operations (budget line item 1406) and Management Improvements (budget line item 1408) for Capital Fund Project No. LA48PO72501-00. In addition, we were unable to determine if the previously described condition was the result of overspending in the budget line categories or whether it was a reporting error made by management. However, HATS did not exceed the overall cumulative budgeted amount for the project.

Current Status

Resolved.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section V - Other Matters

During the period November 4, through November 7, 2002, the United States Department of Housing and Urban Development performed a limited review of Simmesport Housing Authority. A current status of their findings and observations follows:

Reference Number

HUD 2002-02

Recommendation

Preparation and submission of annual report to the Town of Simmesport.

Current Status

Resolved. Annual report for fiscal year 2004 was given to the Mayor of the Town of Simmesport in a meeting held on March 25, 2005.

Reference Number

HUD 2002-03

Recommendation

Perform an annual inventory count and prepare and/or update property records as well as reconcile to **HATS's** property general ledger.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2003**

Section V - Other Matters, Continued

Reference Number

HUD 2002-12

Recommendation

HATS should adhere to established budgetary constraints.

Current Status

Resolved. Monthly financial statements prepared by fee account are discussed and approved at regular board meetings. The review process includes budgeted and actual variances.

Reference Number

HUD 2002-14

Recommendation

Board approval should precede all budget revisions.

Current Status

Resolved. Currently, the board approves all budget revisions prior to HATS incurring cost.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section V - Other Matters, Continued

Reference Number

HUD 2002-16

Recommendation

The HATS should repay funds expended on ineligible items.

Current Status

Resolution rests with the HUD Field Office. They have not informed HATS as to whether repayment will be necessary. Management is currently working closely with HUD's financial analyst. Anticipated resolution date is December 31, 2005.

Reference Number

HUD 2002-17

Recommendation

HATS should determine the amount of advances due from the capital fund program. In addition, all funds expended on personal items should be reimbursed by the individual involved.

Current Status

In 2003, the individual involved was sentenced to 8 years in prison.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Section V - Other Matters, Continued

Reference Number

HUD 2002-22

Recommendation

HATS must develop and implement a maintenance plan. The plan must include a work order system.

Current Status

Resolved. Maintenance plan was adopted by **HATS's** board on March 12, 2004.

Reference Number

HUD 2002-23

Recommendation

The previous Executive Director must reimburse **HATS** for ineligible, unauthorized and personal expenses. In addition, **HATS** should undertake legal action, if necessary.

Current Status

Still working with HUD Field Office to resolve this matter. Anticipated completion date is December 31, 2005.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA**

EXIT CONFERENCE

An exit conference was held with a representative of **Housing Authority of the Town of Simmesport**. The contents of this report were discussed and management is in agreement. Those persons who participated in the discussions are as follows

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT

Pamela Adams

-- Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM

-- Partner



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Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT

To the Board of Directors
Housing Authority of the Town of Simmesport

In planning and performing our audit of the financial statements of the **Housing Authority of the Town of Simmesport (HATS)**, we considered HATS's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we discussed with management, the current status of prior years' management letter comments. We previously reported on HATS's internal control in our report dated May 24, 2005. This letter does not affect our report dated May 24, 2005 on HATS's internal control or its financial statements.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

CURRENT YEARS' COMMENTS

The following summarizes our current year's management comments and suggestions:

Condition

HATS has no formal system in place to ensure the periodic evaluation of risk in the category of property, general liability, etc., to ensure the adequacy in insurance coverage.

Recommendation

We recommend that a system be established aimed at the periodic evaluation or assessment of the adequacy in insurance coverage.

Management's Response

A system will be established to assess the adequacy of insurance coverage. HATS will work closely with its insurance agent to make sure its coverage is evaluated.

Condition

Considering the size of HATS, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HATS's assets.

Recommendation

We recommend that the Board continue to provide the necessary level of oversight in all key internal control areas.

Management's Response

Monthly financial statements prepared by HATS's fee accountant are reviewed and a list of all checks to include bank account balances are discussed with the Board at every meeting.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

PRIOR YEARS' COMMENTS

The following is a status of prior year's management comments and suggestions:

Condition

HATS does not have a capitalization policy regarding its materials inventory.

Recommendation

We recommend that management review its current practices and establish a policy for the capitalization of materials inventory.

Current Status

Resolved.

Condition

No tracking mechanism in place for sick and annual leave time earned and/or used by employees.

Recommendation

We recommend that management establish a tracking mechanism to properly and accurately account for annual and sick time activity for all employees.

Current Status

Resolved.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, Legislative Auditor for the State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 24, 2005

THE HOUSING AUTHORITY

OF THE
TOWN OF SIMMESPORT

P.O. BOX 131

SIMMESPORT, LOUISIANA 71369

e-mail: SMMHOUATH@Krocket.Net

Phone: (318) 941-2806

Fax: (318) 941-2814

July 5, 2005

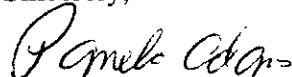
Bruno & Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Avenue
New Orleans, Louisiana 70122

Dear Sirs:

Enclosed is the corrective action plan developed to include the current status prepared by Housing Authority of the Town of Simmesport where applicable, in response to audit findings and management letter comments in connection with the audit as of and for the year ended December 31, 2004. The plan includes, where applicable, the corrective action plan and anticipated completion date(s), all corrective action plans will be completed by no later than December 31, 2005.

If any further information is required, do not hesitate to contact me at (318) 941-2806.

Sincerely,



Pamela Adams
Executive Director

PA

Enclosures

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Numbers
2002-04 and 2002-11

Condition

Subsidiary ledgers provided for accounts payables, fixed assets, tenant security deposits, and tenant dwelling rental income did not agree to the applicable general ledger control accounts prior to the effect of audit adjustments. In addition, we noted unidentified amounts of \$67,912 classified as construction in progress in the Low Rent Housing Program and \$21,658 in other assets (\$9,888 in the Low Rent Program and \$11,770 in the Capital Fund Program). Management is unable to determine the composition of the account balances as well as the basis for recordation of the amounts.

Current Status

Partially resolved. Management has resolved the reconciliation of its capital assets, accounts payable, tenant dwelling and tenant security deposits.

Management of HATS continues to dialogue with HUD to facilitate a decision to resolve the issue regarding the unidentified amounts. Anticipated completion date is December 31, 2005.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Numbers

2002-06 and 2002-13

Condition

- o We were unable to apply audit procedures to substantiate management's assertions relative to current year's disbursements totaling \$84,944 to include additions to capital assets totaling \$332,000. According to the current executive director, the records were unavailable because they were either misfiled, not maintained, or included in an investigation of alleged fraud of the previous executive director;
- o We were unable to substantiate the completeness and validity of tenant dwelling rental income of \$39,822 because of the incompleteness or inadequacy of tenant rental registers; and
- o Noted no physical inventory of equipment and materials acquired under Federal awards over the last two (2) years, to include a reconciliation between the physical inventory, equipment and materials records.

Current Status

Partially resolved. At December 31, 2004, HATS undertook a physical inventory of its equipment and materials. Management of HATS continues in its dialogue with HUD, as ultimate resolution of the validity of the amounts recorded in capital assets will depend on HUD's approval to HATS's request for resolution. Anticipated completion date is December 31, 2005.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Numbers

2002-07 and 2002-14

Condition

Our review of the operations of HATS's internal control over cash disbursements exhibited the following deficiencies:

- o No formal written accounting policies and procedures manual, personnel handbook, etc.;
- o No personnel files were maintained containing necessary documents such as employee application, authorization for pay increases, and other documents (such as I-9, W-4, L-4, etc.), and Civil Service forms;
- o Noted no time tracking mechanism in place to ensure that employees were paid for actual time worked and in accordance with authorized pay rates;
- o Noted no time tracking mechanism for annual and sick leave;
- o Noted no evidence of approval of pay increases by Board or designee prior to effective date of increases; and

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Numbers, Continued
2002-07 and 2002-14

Condition, Continued

- o Our review of twenty-five (25) cash disbursements revealed the following:
 - Four (4) instances where the documentation to support the disbursement was unavailable;
 - Twenty-one (21) instances where no indication of the mathematical verification of invoices prior to disbursement was noted;
 - Twenty-one (21) instances of no approval of payment by an authorized official or designee prior to disbursement;
 - Four (4) instances, where we were unable to verify the proper endorsement by an authorized signator or whether the check cleared in a timely manner because the documents were unavailable;
 - Four (4) instances where disbursements were made using a past due notice which did not provide details as to the specific goods and/or services received;
 - One (1) instance where check amount was less than the cumulative total of attached invoices; and
 - Four (4) instances where the allocability of the disbursement to a particular cost objective or program was not in accordance with established guidelines.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Numbers, Continued
2002-07 and 2002-14

Current Status

Resolved.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Number

2002-08

Condition

We reviewed the internal control procedures relative to the disposition of property, equipment and inventory noting the following:

- o Noted no physical inventory listing of property, equipment and inventory taken prior to or subsequent to an auction dated December 9, 2002;
- o Management was unable to provide us with a listing of items sold at the auction to include the original cost, acquisition date, fair values of assets prior to the auction, and the resulting gain or loss associated with each item sold;
- o Unable to vouch proceeds from the sales of property to receipts, deposit slips, etc. due to the unavailability of documents;
- o Management was unable to provide documentation to support the Board's approval of all sale prices prior to the auction;
- o Unable to recompute gain or loss on each item sold; and
- o Unable to test HATS's compliance with the nepotism requirement of the Board's approved Asset Disposition policy. In addition, we noted on the auction sign-in sheet, the name of the previous executive director who was in charge of the auction.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Numbers, Continued
2002-Q8

Current Status

Resolved. Inventory is now on file for year ended December 31, 2004. We are still working with HUD Field Office regarding previously described inventory losses (see Finding Numbers 2002-06 and 2002-13). A disposition policy is in place requiring board approval before disposition of assets.

Reference Number
2002-09

Condition

The Public and Indian Low-Income Housing Program's actual expenses for the year ended December 31, 2002, reflected overruns over the approved budget in four (4) categories (Administration, Tenant Services Utilities, and Ordinary Maintenance and Operations) by approximately \$86,969 before the effects of audit adjustments. We did note that the cumulative budget overrun in total operating expenditures netted to \$50,015.

Current Status

Resolved. Budget versus actual variances are reviewed each month to keep from overspending. If necessary, revisions are approved by the Board prior to the incurrence of cost.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Numbers

2001-01 and 2001-01a

Condition

HATS overspent in the Low Rent Program budget in six categories by greater than 5%.

Current Status

Currently budgeted and actual costs are reviewed and discussed by the executive director with the board at their monthly meetings.

Reference Numbers

2002-05 and 2002-12

Condition

We noted that HATS reported \$4,322 in excess of the combined budgeted amounts for Operations (budget line item 1406) and Management Improvements (budget line item 1408) for Capital Fund Project No. LA48PO72501-00. In addition, we were unable to determine if the previously described condition was the result of overspending in the budget line categories or whether it was a reporting error made by management. However, HATS did not exceed the overall cumulative budgeted amount for the project.

Current Status

Resolved.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

During the period November 4, through November 7, 2002, the United States Department of Housing and Urban Development performed a limited review of Simmesport Housing Authority. A current status of their findings and observations follows:

Reference Number

HUD 2002-02

Recommendation

Preparation and submission of annual report to the Town of Simmesport.

Current Status

Resolved. Annual report for fiscal year 2004 was given to the Mayor of the Town of Simmesport in a meeting held on March 25, 2005.

Reference Number

HUD 2002-03

Recommendation

Perform an annual inventory count and prepare and/or update property records as well as reconcile to HATS's property general ledger.

Current Status

Resolved.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2003

Reference Number

HUD 2002-12

Recommendation

HATS should adhere to established budgetary constraints.

Current Status

Resolved. Monthly financial statements prepared by fee account are discussed and approved at regular board meetings. The review process includes budgeted and actual variances.

Reference Number

HUD 2002-14

Recommendation

Board approval should precede all budget revisions.

Current Status

Resolved. Currently, the board approves all budget revisions prior to HATS incurring cost.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Number

HUD 2002-16

Recommendation

The HATS should repay funds expended on ineligible items.

Current Status

Resolution rests with the HUD Field Office. They have not informed HATS as to whether repayment will be necessary. Management is currently working closely with HUD's financial analyst. Anticipated resolution date is December 31, 2005.

Reference Number

HUD 2002-17

Recommendation

HATS should determine the amount of advances due from the capital fund program. In addition, all funds expended on personal items should be reimbursed by the individual involved.

Current Status

In 2003, the individual involved was sentenced to 8 years in prison.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
SIMMESPORT, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004

Reference Number

HUD 2002-22

Recommendation

HATS must develop and implement a maintenance plan. The plan must include a work order system.

Current Status

Resolved. Maintenance plan was adopted by HATS's board on March 12, 2004.

Reference Number

HUD 2002-23

Recommendation

The previous Executive Director must reimburse HATS for ineligible, unauthorized and personal expenses. In addition, HATS should undertake legal action, if necessary.

Current Status

Still working with HUD Field Office to resolve this matter. Anticipated completion date is December 31, 2005.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT

CURRENT YEARS' COMMENTS

The following summarizes our current year's management comments and suggestions:

Condition

HATS has no formal system in place to ensure the periodic evaluation of risk in the category of property, general liability, etc., to ensure the adequacy in insurance coverage.

Recommendation

We recommend that a system be established aimed at the periodic evaluation or assessment of the adequacy in insurance coverage.

Management's Response

A system will be established to assess the adequacy of insurance coverage. HATS will work closely with its insurance agent to make sure its coverage is evaluated.

Condition

Considering the size of HATS, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HATS's assets.

Recommendation

We recommend that the Board continue to provide the necessary level of oversight in all key internal control areas.

Management's Response

Monthly financial statements prepared by HATS's fee accountant are reviewed and a list of all checks to include bank account balances are discussed with the Board at every meeting.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT
INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

PRIOR YEARS' COMMENTS

The following is a status of prior year's management comments and suggestions:

Condition

HATS does not have a capitalization policy regarding its materials inventory.

Recommendation

We recommend that management review its current practices and establish a policy for the capitalization of materials inventory.

Current Status

Resolved.

Condition

No tracking mechanism in place for sick and annual leave time earned and/or used by employees.

Recommendation

We recommend that management establish a tracking mechanism to properly and accurately account for annual and sick time activity for all employees.

Current Status

Resolved.